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CENTRAL INTELLIGENCE AGENCY

REPORT NO. [REDACTED]

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1. The VVB VW (Vereinigung Volkseigener Werften)*, with headquarters in Rostock, and the VVB (Vereinigung Volkseigener Betriebe) Hochseeschiffsneubau**, with headquarters in Warnemuende, were established through a ministerial order of the DDR. These two groups of shipyards have two basically different purposes. whereas the VW is solely concerned with the repair and construction of large sea-going vessels, the VVB is concerned with the construction of coastal craft. The estimated construction program for both groups is drawn up by the Ministry of Economy and Construction in Berlin. The VW and the VVB then each assign a construction program to the individual yards.
2. The VVB VW is a zonal association directly under the main Department for Shipbuilding, which is a section of the Ministry of Machine Construction. The latter Ministry emerged after a reorganization of the former Ministry of Industry in November 1950.
3. The VW maintains small offices in Berlin, Rosenstrasse 12, in Halle, Dresden, and Erfurt which are concerned with the procurement of materials. The VW has a construction office believed to be located in Berlin-Karlshorst which is supposed to coordinate its work with that of the shipbuilding yards. This office is to take over certain buildings in Rostock, on Parkstrasse, which have been used until now by the Russian naval administration. Source believes that facilities for shipbuilding will be established in Rostock at the end of November 1951.
4. The organization of the VW underwent some changes during the first months of 1951. Although it still acts in an advisory capacity towards the Volkswerft Stralsund, it lost control of this yard which was placed directly under the Main Department of Shipping in the Ministry of Machine Construction. The yards belonging to the VW handle the construction of hulls as well as superstructures. The so-called hull construction yards are, for the most part, located inland and the superstructures are completed by the coastal yards since low-slung bridges on some of the inland canals prevent ships with high superstructures from passing.

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5. The VVB Hochseeschiffsbau is to be redesignated as VVB Hochseeschiffsneubau. It has lost control of the Wismar Werft, which now comes directly under the Ministry, but still acts in an advisory capacity towards this yard. The VVB maintains branch offices in Berlin, Erfurt, Leipzig, and Dresden and has frequently had to cope with the arrest of the personnel in these offices. The Construction Office in Berlin-Wuhlheide, which employed 60 designers, was transferred from the VVV to the VVB on 1 July 1950.
6. One of the largest problems faced by the VVV and the VVB has been the procurement and distribution of materials. There has been a great lack of both sheet metal and heavy metal plates of all kinds as well as of flat structural steel and flat rolled material. There is also a need for adequate forged parts (Schmiederoehlinge) needed for the construction of crankshafts for 100 HP diesel engines. There is also a lack of rivets, black engine screws and aluminum foil for insulating ships' compartments.
7. Most of these scarce materials are obtained from the West Zone and are sent via Boizenburg where the Elbewerft serves as distributing point. During 1950, large amounts of iron and steel were sent without export permits by the Krause*** firm in Duesseldorf. Deliveries of iron, steel and nautical instruments have also been made by the firm of Hans Noetzold in Luebeck and by the Selbsthilfe Kieler Betrieb in Kiel. This last firm also furnished reduction gearing for the six speed boats built in 1950 by the Yachtwerft in Berlin-Koepenick and also furnished engines to be used in cutters.
8. Shipments from the Kiel firm are handled by fmw KLAUSEN and by Bruno KOSSACK. Credits for these materials are usually advanced by the firms sending them, but payment is sometimes made in East Marks in Berlin. The Deutsche Notenbank in Berlin regularly exchanges East Marks for the Kiel firm at a ratio of 1 : 1 and then sends the currency by train to Kiel. Bruno KOSSACK, who is the Kiel firm's Berlin representative, also deals with firms in the Western Sectors of Berlin, among others the Possehl firm, which receive materials for reshipment to the East Zone.
9. During an auditing of the Yachtwerft**** in Berlin-Koepenick, 120,000 DM West were discovered which were then seized and deposited in an account which still existed with the DWK for the payment of cutter engines. The Selbsthilfe Kieler Betrieb has attempted to obtain foreign currency through business and barter deals in Switzerland for the purchase of lumber from the United States to be sent to the East Zone shipyards.
10. The VVV and the VVB employ about 40,000 workers altogether. Model technical brigades (Technische Arbeiter Norm - TAN - Brigaden) and expert brigades are now being organized and are very unpopular. Most of the workers who do not belong to the SED are opposed to these speed drives. A widespread spy system as well as overt pressure are used in an attempt to counteract the effect of poor working conditions. Because of the great influx of workers from the interior, living conditions at the coastal yards are very poor. Stralsund,

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where a large number of houses were destroyed during the war, must now provide housing for 10,000 yard workers as well as for a large number of refugees. In consequence, many workers are housed in poorly equipped barracks.

11. A basic scale for salaries is fixed by the IG-Metallindustrie. Only the more specialized workers, however, are able to earn more by working extra hours. Most of the workers in the shipyards would prefer to work elsewhere where they would not be constantly hampered by inefficient organization and lack of proper tools, which conditions are particularly bad at the Schiffsbau und Reparatur Werft in Stralsund.

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- * [REDACTED] Comment: Hereafter also referred to in this report as VVV.
** [REDACTED] Comment: Hereafter also referred to in this report as VVB.
*** [REDACTED] Comment: Otto R. Krause Export- und Import GmbH.
**** [REDACTED] Comment: Now directly under the Main Department for Shipbuilding, Ministry of Machine Construction.

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